TC Pharmaceutical Industries Co Ltd & Anor v Koay Sai Leat & Ors

HIGH COURT (SHAH ALAM) — SUIT NO 22NCVC-516–10 OF 2014
HANIPAH FARIKULLAH J
15 JANUARY 2016

Trade Marks — Infringement of — Registered trademark and passing off — Likelihood of confusion or deception — Whether marked similarity between defendants' Wild Cow products and plaintiff's Red Bull product likely to confuse consumers into thinking both came from same source and had same quality — Whether defendants' misrepresentation of Wild Cow products calculated to injure plaintiffs' goodwill and reputation — Whether damage to plaintiff's goodwill proven by evidence showing Red Bull suffered drop in national energy drink market share and revenue when defendants entered market with Wild Cow products

The first plaintiff manufactured the 'Red Bull' energy canned drink which entered the Malaysian market in 1983/1984 through the appointment of the second plaintiff as the first plaintiff's sole importer and distributor of that product in Malaysia and the registered user of the trademark. Between mid-2013 and mid-2014, the first and third defendants ('the defendants'), began importing, distributing and offering for sale 'Wild Cow' energy canned drinks in Malaysia. In the instant action against the defendants for trademark infringement and passing off (the plaintiff had earlier obtained judgment in default against the second defendant), the plaintiffs contended that the 'Wild Cow' energy drinks were so similar to the 'Red Bull' product in appearance that it likely deceived or confused consumers into thinking the two products originated from the same source and had the same quality.

Held, allowing the claim with costs of RM120,000:

(1) The plaintiffs succeeded in their claims against the defendants for both trade mark infringement and for passing off (see paras 80–81).

(2) The plaintiffs had proven that the mark on the Wild Cow products were similar to the plaintiff's mark on the Red Bull products and this infringed s 38(1)(a) of the Trade Mark Act 1976. The essential features (including the colours of those features) on the first plaintiff's trademark, whether taken individually or in combination, were the same on the defendants' offending mark and created a likelihood of confusion between the two marks (see paras 29–31, 35–36 & 43).

(3) Based on the plaintiffs' evidence, which was unchallenged, the court was satisfied the plaintiffs had acquired substantial goodwill, reputation and distinctiveness over the Red Bull trademark since 1984 and had shown that their goodwill had been damaged. The get-up of the Wild Cow products were so similar to the Red Bull product there was a strong likelihood consumers would be confused between the two products and be deceived into thinking the Wild Cow product had the same quality as the Red Bull product. The evidence showed the defendants' misrepresentation of the Wild Cow products was calculated to injure the plaintiffs' goodwill and reputation. Apart from the similarity in get-up, the Wild Cow products were targeted at exactly the same market segment as the Red Bull product, were arranged on supermarket shelves side-by-side with the Red Bull products so that to the ordinary casual buyer Wild Cow products would appear to have originated from the same source and having the same quality, and were also priced slightly cheaper than the Red Bull products (see paras 59–60, 64–65, 68, 72 & 79).

(4) The evidence showed the Red Bull product suffered a drop in the national energy drink market share in the year 2014 as compared to the year 2013. This drop corresponded squarely with the period the first defendant introduced the first Wild Cow product in Malaysia. The plaintiff also gave evidence of the drop in revenue from sale of the Red Bull product for the financial year ending 30 April 2014, which again corresponded exactly with the period the first Wild Cow product was introduced in Malaysia. This drop sharply contrasted with increasing revenues for Red Bull products over the preceding years (see paras 74–76).

[Bahasa Malaysia summary

Plaintif pertama membuat minuman tin tenaga 'Red Bull yang telah memasuki pasaran Malaysia dalam 1983/1984 melalui pelantikan plaintif kedua sebagai pengimport dan pengedar tunggal plaintif pertama untuk produk tersebut di Malaysia dan pengguna berdaftar tanda niaga itu. Antara pertengahan 2013 dan pertengahan 2014, defendan-defendan pertama dan ketiga ('defendan-defendan'), telah mula mengimport, mengedar dan menawarkan untuk jualan minuman tin tenaga 'Wild Cow' di Malaysia. Dalam tindakan ini terhadap defendan-defendan untuk pelanggaran dan kekelirupaan tanda niaga (plaintif telah terlebih dahulu memperoleh penghakiman ingkar terhadap defendan kedua), plainitf-plaintif berhujah bahawa minuman tenaga 'Wild Cow' itu adalah serupa dengan produk 'Red Bull' dari segi luaran sehingga ia mungkin memperdaya atau mengelirukan para pelanggan untuk berfikir dua produk tersebut berasal daripada sumber sama dan mempunyai kualiti yang sama.

Diputuskan, membenarkan tuntutan dengan kos sebanyak RM120,000:

(1) Plaintif-plaintif berjaya dalam tuntutan mereka terhadap defendan-defendan untuk kedua-dua pelanggaran tanda niaga dan untuk kelirupaan (lihat perenggan 80–81).

(2) Plaintif-plaintif telah membuktikan bahawa tanda pada produk-produk Wild Cow adalah serupa dengan tanda plaintif pada produk-produk Red Bull dan ini melanggar s 38(1)(a) Akta Tanda Niaga 1976. Ciri-ciri utama (termasuk warna-warna ciri-ciri tersebut) pada tanda niaga plaintif pertama, sama ada diambil secara individu atau secara gabungan, adalah serupa pada tanda defendan-defendan dan membentuk kemungkinan kekeliruan antara dua tanda tersbeut (lihat perenggan 29–31, 35–36 & 43).

(3) Berdasarkan keterangan plaintif, yang tidak dicabar, mahkamah berpuas hati yang plaintif-plaintif telah memperoleh nama baik, reputasi dan perbezaan yang kukuh ke atas tanda niaga Red Bull sejak 1984 dan telah menunjukkan bahawa nama baik mereka telah tercemar. Rupa produk Wild Cow amat serupa dengan produk Red Bull sehingga terdapat kemungkinan besar pengguna akan keliru antara kedua-dua produk tersebut dan terpedaya memikirkan produk Wild Cow adalah kualiti sama dengan produk Red Bull. Keterangan menunjukkan gambaran salah defendan-defendan tentang produk Wild Cow dianggap menjejaskan nama baik dan reputasi plaintif-plaintif. Selain daripada kesamaan dalam rupa, produk Wild Cow disasarkan kepada segmen pasaran yang serupa seperti produk Red Bull, yang diatur di rak-rak pasar raya bersebelahan produk Red Bull agar pembeli biasa produk Wild Cow kelihatan seperti berasal daripada sumber sama dan mempunyai kualiti sama, dan juga diletakkan harga yang lebih kurang sedikit daripada prosuk Red Bull (lihat perenggan 59–60, 64–65, 68, 72 & 79).

(4) Keterangan menunjukkan produk Red Bull mengalami penurunan dalam saham pasaran minuman tenaga negara pada 2014 berbanding tahun 2013. Penurunan ini memang selari dengan tempoh defendan pertama memperkenalkan produk Wild Cow yang pertama di Malaysia. Plaintif juga telah memberi keterangn tentang kejatuhan dalam hasil daripada jualan produk Red Bull bagi tahun kewangan berakhir 30 April 2014, yang sekali lagi memang selari dengan tempoh produk Wild Cow yang pertama diperkenalkan di Malaysia. Penurunan ini amat berbeza berbanding dengan hasil meningkat untuk produk Red Bull ssepanjang tahun-rahun sebelumnya (lihat perenggan 74–76).]

Notes

For cases on registered trademark and passing off, see 12(2) *Mallal's Digest* (5th Ed, 2015) paras 2686–2706.

Cases referred to

Danone Biscuits Manufacturing (M) Sdn Bhd (formerly known as Britania Brands (M) Sdn Bhd) v Hwa Tai Industries Bhd [2010] 8 MLJ 500; [2010] 4 CLJ 711, HC (refd)

A Clouet & Co Pte Ltd & Anor v Maya Toba Sdn Bhd [1996] 1 MLJ 251, HC (refd)

AG Spalding & Bros v AW Gamage Ltd [1915] 32 RPC 273, HL (refd)

Microsoft Corporation v Tokyo Micro-Soft (M) Sdn Bhd [2008] 8 MLJ 510, HC (refd)

Reckitt & Colman Products Ltd v Borden Inc [1990] 1 WLR 491, HL (refd)

Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd [1994] 2 MLJ 770, SC (refd)

U-Re Auto Sdn Bhd v York Pacific Holding Ltd [2004] 3 CLJ 172, CA (refd)

Yong Sze Fun & Anor (t/a Perindustrian Makanan & Minuman Layang-Layang) v Syarikat Zamani Hj Tamin Sdn Bhd & Anor [2012] 1 MLJ 585, CA (refd)

Legislation referred to

Trade Marks Act 1976 ss 13, 30, 36, 38(1)(a)

Joachim a/l Francis Xavier (Ariel On and Foo Wen Cung with him) (Chooi & Co) for the plaintiffs.

Tang Kim Choong (KC Tang & Co) for the defendants.

Hanipah Farikullah J:

INTRODUCTION

[1] The first plaintiff is a manufacturer of Red Bull energy drink ('the plaintiff's product'). The essential complaint in this action is that the first and the third defendants ('the defendants') have been importing, distributing and selling Wild Cow energy drinks ('the defendants's product') which infringed the plaintiff's trademark and also for passing off of the plaintiff's products.

[2] The defence to this claim is two-fold. First, it is said that the mark and sign of the defendants' products are not similar as the plaintiffs products. The defendants also contended that there is no likelihood of confusion between the plaintiffs' product and the defendants' products.

[3] On 19 June 2015 the plaintiff obtained judgment in default and against the second defendant.

A THE BACKGROUND FACTS

[4] The relevant background facts are as follows.

B **[5]** The first plaintiff is the registered proprietor of the following trademarks registered in Malaysia under s 30 of the Trade Marks Act 1976 ('the TMA'):

Registered Mark	Mark Type	Class	Trademark No	Registered as of Date	Expiry Date
Double Bull Device	Figurative	25	01010817	3 March 2003	17 August 2021
		32	03002360	17 August 2001	3 March 2023
		5	R/23014	13 April 1981	13 April 2022
		5			
		5			
Double Bull Device & 'Krantingdaeng'	Combined	32	95006640	6 July 1995	6 July 2022
Double Bull Device & Kratingdaeng Kruengduem 250 Label	Figurative	32	95006884	13 July 1995	13 July 2022
'Red Bull'	Stylish Verbal	32	03002359	3 March 2003	3 March 2023
		30	04014354	23 September 2004	23 September 2024
		25	01010814	17 August 2001	17 August 2021
		5	88000680	11 February 1988	11 February 2019
Double Bull Device & 'Redbull'	Combined	5	05018115	26 October 2005	26 October 2015
		25	01010815	17 August 2001	17 August 2021
		35	05018119	26 October 2005	26 October 2015
RED BULL	Verbal	32	03002462	6 March 2003	6 March 2023

Single Bull Devise (Turn Left)	Figurative	5	05018121	26 October 2005	26 October 2015
		30	05018124	26 October 2005	26 October 2015
		32	05018126	26 October 2005	26 October 2015
		35	05018128	26 October 2005	26 October 2015
Single Bull Devise (Turn Right)	Figurative	5	05018130	26 October 2005	26 October 2015
		29	05018123	26 October 2005	26 October 2015
		30	05018133	26 October 2005	26 October 2015
		32	05018135	26 October 2005	26 October 2015
		43	05018138	26 October 2005	26 October 2015

[6] The first plaintiff is and was at all material times engaged in the business of manufacturing, distributing and selling of the Red Bull energy drink ('exh P1') ('the Red Bull product') in Thailand, Singapore, Malaysia and other Asian countries.

[7] A pictorial representation of the Red Bull products (see exh P1) is as follows:

Exhibit P1

(FRONT)

(BACK)

SIDE (RIGHT)

SIDE (LEFT)

[8] The second plaintiff contended that it is and was at all material times the authorised representative of the first plaintiff in Malaysia and is the sole importer and exclusive distributor of the Red Bull product in Malaysia. The first plaintiff had also consented to the second plaintiff being the registered user of all of its trade marks registered in Malaysia and have backdated the second plaintiff's registered user status to 1 July 1993.

THE PRODUCT COMPLAINED OF

[9] It is an agreed fact that the first defendant between 30 July 2012 and 7 February 2014 was the proprietor of the sole proprietorship trading under the name and style of 'Multitrade Marketing'. The first defendant ('DW1') admitted in cross-examination that he was and continues to be engaged in the business of importing, distributing and offering for sale of Wild Cow energy drinks.

[10] The third defendant was incorporated on 10 August 2012. The third defendant's only witness, DW2 (Quaik Zhan Wang, Director of the third defendant) admitted that the third defendant was involved in the marketing of the Wild Cow energy drinks (please refer to exhs P2, D8, P6 and P7) in Malaysia between mid-2013 and mid-2014.

[11] A pictorial representation of the exhs P2, D8, P6 and P7 are as represented below:

Exhibit P2

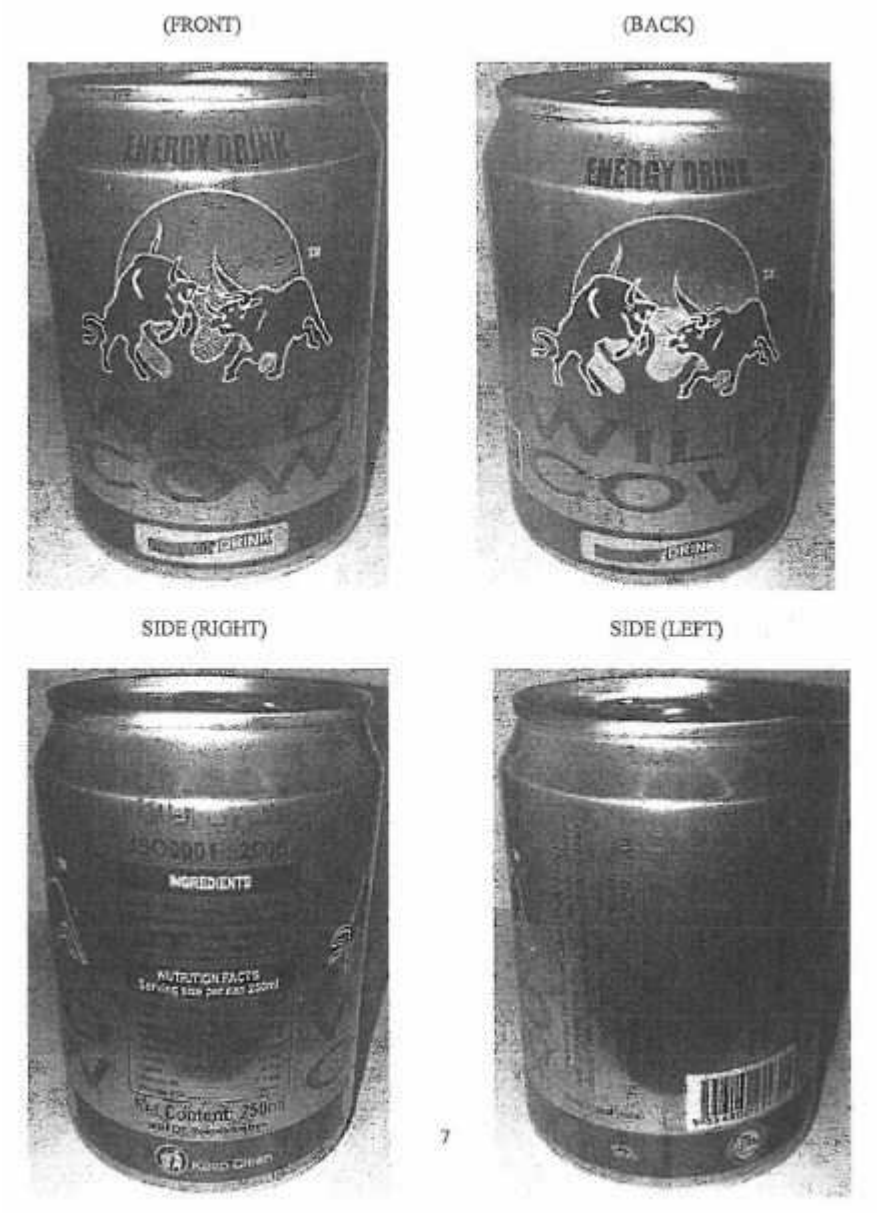

(FRONT)
(BACK)
ENERGY DRINK
ENERGY DRINK
SIDE (RIGHT)
SIDE (LEFT)
INGREDIENTS
NUTRITION FACTS

Exhibit D8

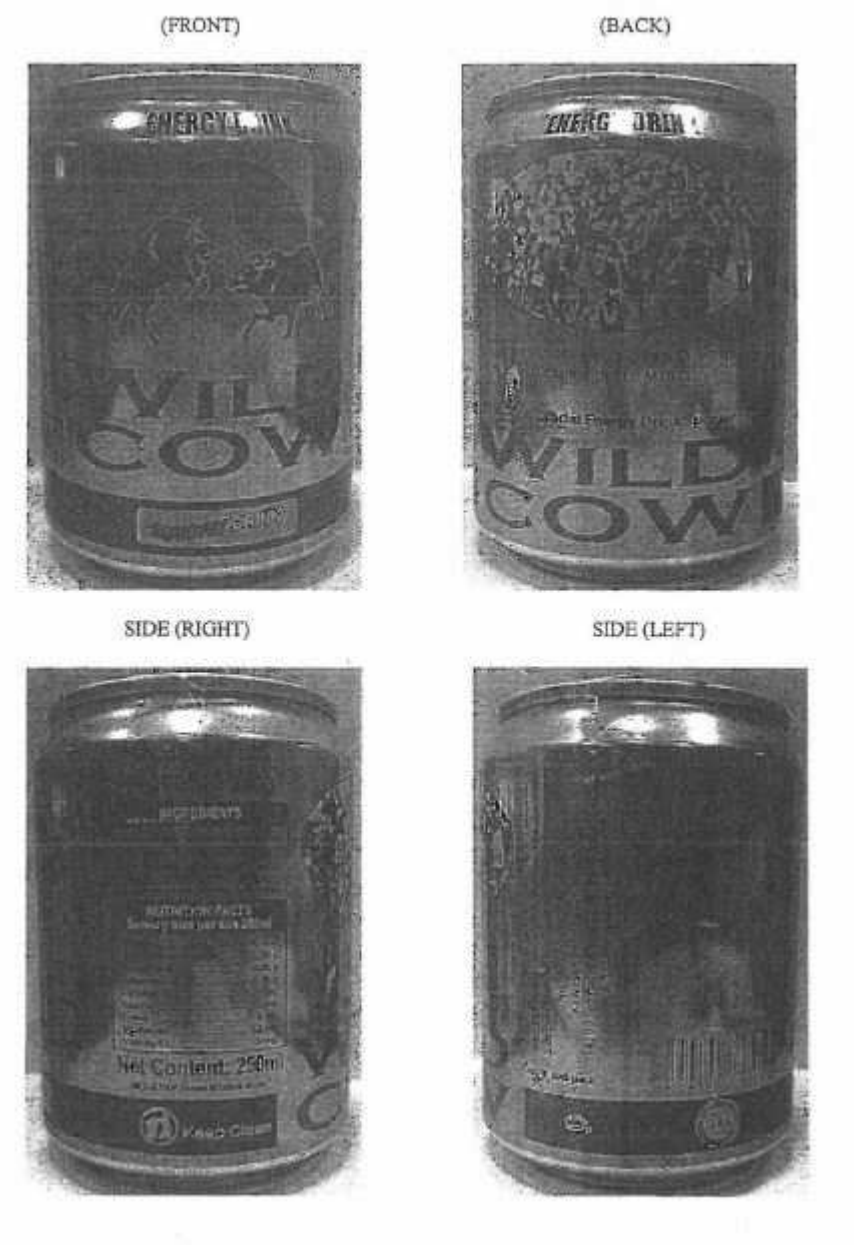


Exhibit P6

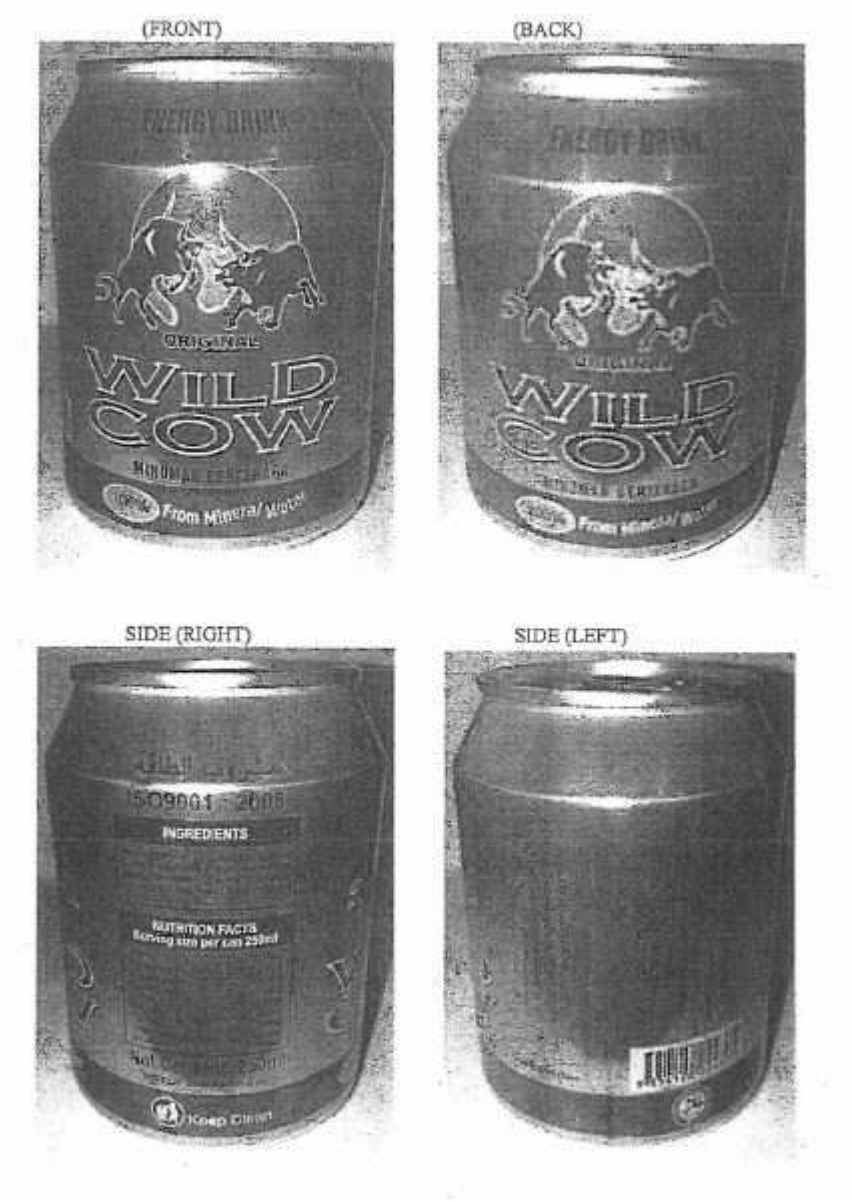
(FRONT)

(BACK)

SIDE (RIGHT)

SIDE (LEFT)

Exhibit P7



[12] The plaintiffs obtained an interlocutory injunction order against all the defendantss on 16 April 2015.

[13] The matter then proceeded to full trial and the following witnesses were called:

Witness No	Name	Role/Designation
PW1	Prasit Somnet	Representative of the first plaintiff
PW2	Jirasak Samathivathanachai	Founder and managing director of the second plaintiff
PW3	Wong Guang Tzong	General manager of the second plaintiff
PW4	Desmond Ong Khong Keng	National Sales and Operations Manager of the second plaintiff
PW5	Azizi bin Talib Azmi	Trader
PW6	Aziz bin Ali	Consumer of the Red Bull product
PW7	Chong Kian Keat	Consumer of the Red Bull product
PW8	Nitesh Lall	Consumer awareness surveyor
PW9	Chin Syek Yun	Chemist
PW10	Tan Hock Moey	Market surveyor
DW1	Koay Sai Leat	First defendant
DW2	Quaik Zhan Wang	Director of the third defendant

ISSUES

[14] The issues for determination are as follows.

Whether the plaintiffs have the locus standi to file this action

[15] Turning to the issues before me, I have first to consider whether the second plaintiff has the locus standi to file this action.

[16] The defendants contended that there is no evidence to support the second plaintiff's case that it has the locus standi and the authority to file this action against the defendants.

[17] This requires consideration of the power of attorney granted by the first plaintiff to the second plaintiff (see p 140 of Bundle B1) which, inter alia, states as follows:

> The Attorney shall, for and on behalf of the Donor, in the name of the Donor or otherwise in the name of the Attorney, deal with all or any of the acts, deeds and things in Malaysia with regard to and/or in relation to stop, eliminate imitations, counterfeits and other infringement in the appropriate Malaysia Court concerning

'WILD COW 7 DEVICE' trademark and the product bearing such trademark against MULTITRADE MARKETING SON BHD *and all other relevant parties in Malaysia*, which may include any one or all of the following: (Emphasis added.)

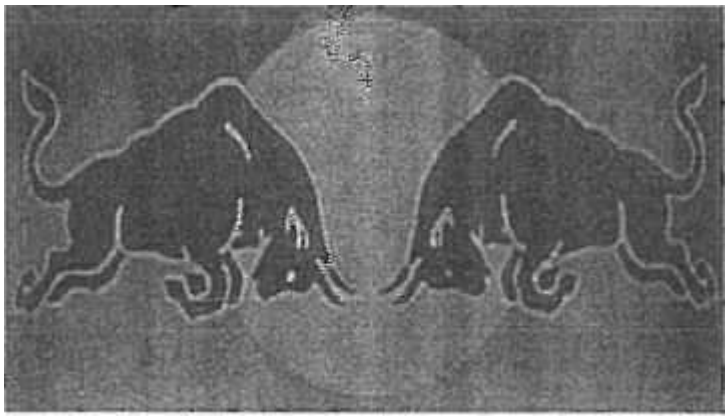
[18] In my opinion the words 'And all other relevant parties in Malaysia' referred to in the power of attorney would also include the first defendant. Thus, I find that the second plaintiff has locus standi to commence this action against the defendants.

Whether the defendants' products had infringed the plaintiff's trademark

[19] The plaintiffs contended that the relevant marks belonging to the first plaintiff which have been infringed by the defendants under s 38(1)(a) of the Trade Marks Act 1976 ('the TMA') are as follows ('the first plaintiff's trademarks'):

Registered Mark	Mark Image	Class	Registration No.
Double Bull Device		25 32 5 5 5	01010817 03002360 R/23014 M/089996 S/027676
Double Bull Device & "Kratingdaeng"		32	95006640
Double Bull Device & Kratingdaeng Kraengdaem 250 Label		32	95006884
Double Bull Device & "RedBull"		5 25 35	05018115 01010815 05018119
Single Bull Devise (Left Turn)		5 30 32 35	05018121 05018124 05018126 05018128
Single Bull Devise (Right Turn)		5 29 30 32 43	05018130 05018132 05018133 05018135 05018138

[20] The plaintiffs submitted that the use of the first plaintiff's trade marks whether used separately or in combination on the plaintiff's Red Bull product (see exh P1) as well on other promotional/advertisement/marketing materials, is depicted as follows.



[21] The offending mark for which this action was brought against the defendants is as follows ('the offending mark'):

[22] The first defendant under cross-examination by the plaintiff's counsel admitted that he created the offending mark with the help of a designer, remains the owner of the offending mark and first used the offending mark on exh P2 when it was imported in April 2013. The first defendant also admitted that he continued using the offending mark thereafter on subsequent get-up variations of the Wild Cow's cans on exhs D8, P6 and P7.

[23] The evidence shows that this usage persisted until at least May 2015 when the customs department first stopped the imports of Wild Cow products into Malaysia in compliance with an interlocutory injunction order issued by this court on 16 April 2015.

[24] Learned counsel for the defendantss argued that there is no confusion or misrepresentation of the plaintiff's trademark with the offending mark. In support of his argument, learned counsel for the defendants contended that the plaintiff's witnesses PW5, PW6 and PW7 in cross-examination testified that they are not confused between the plaintiff's products and the defendants' products.

[25] In response, learned counsel for the plaintiff submitted that the identifying technique employed by the first and third defendant's counsel was wrong for the simple reason that the identification was done in court during a trial and not when the plaintiffs' witnesses were making a casual purchase in a store.

[26] It is settled law that, in order to prove trade mark infringement, it is incumbent upon the plaintiff to prove that:

(a) the defendants is neither the registered proprietor nor the registered user of the trademark;

(b) the defendants used a mark identical with or so nearly resembling the plaintiff's registered trademark as is likely to deceive or cause confusion;

(c) the defendants was using the offending mark in the course of trade; and

(d) the defendants was using the offending mark in relation to goods or service within the scope of the registration.

[27] As noted on the first plaintiff trade mark registration certificates, all the trademarks were registered in black and white. Section 13 of the TMA provides as follows:

> 13 Colour of trade mark
>
> (i) ...
>
> (ii) Where a trade mark is registered without limitations as to colour, it shall be deemed to be registered for all colours.

[28] I have the benefit of examining the first plaintiff trademark and observe that the essential features of the trademark when used by the plaintiffs are as follows:

(a) two animals of bovine origin;

(b) the two animals are in attacking posture;

(c) the two animals are coloured red and outlined white; and

(d) an image of a yellow coloured circle (depicting a sun), situated at the back of the two red coloured animals.

[29] I find that the marks in question reveals that the essential features as outlined above, whether taken individually or in combination, are also found on the offending mark.

[30] It must be emphasised that the colours of the essential features of the offending mark when compared with the said trademark used by the plaintiffs on exh P1 are the same.

[31] Based on the above reasons, I find that, there is a likelihood of confusion between the plaintiff's trademark and the offending mark.

[32] The idea or impression by both marks to the minds of potential customers must be considered because the idea of a mark is more likely to be recalled than its precise details – (see *Danone Biscuits Manufacturing (M) Sdn Bhd (formerly known as Britania Brands (M) Sdn Bhd) v Hwa Tai Industries Bhd* [2010] 8 MLJ 500; [2010] 4 CLJ 711).

[33] I accept the plaintiff's contention that witnesses are far more cautious in court than they are in a store making a purchase of their favourite beverage, and so would be extra attentive to details. This would explain why PW5, PW6 and PW7 were able to accurately identify exhs D9–D16 in court.

[34] The marks must be considered in their entirety, set against the circumstances of each mark's respective uses in the course of trade, such as whether the goods are offered to customers side by side in the same section of the supermarket, whether the channels of distribution are the same, and whether the manner of use of the marks in the marketplace is the same – (see *Danone Biscuits Manufacturing (M) Sdn Bhd (formerly known as Britania Brands (M) Sdn Bhd) v Hwa Tai Industries Bhd* [2010] 8 MLJ 500; [2010] 4 CLJ 711).

[35] The evidence adduced during trial shows that the Red Bull products and the Wild Cow products are sold side by side.

[36] Evidence was given by PW4 (Desmond Ong Khong Keng, the second plaintiff's National Sales and Operations Manager) clearly showing the exh P2 and D8 being displayed side-by-side with exh P1 on shelves in the various outlets around the country. This means that the possibility of confusion is high given the similarity in the essential features found on the offending mark (when compared side-by-side with the first plaintiff's trademarks, whether separately or in combination).

[37] Given that PW4's evidence clearly shows that the Red Bull products as

well as the Wild Cow products are sold in the same outlets around the country, it can be safely concluded that the distribution channel as well as the market segment targeted for both products are the same. In any event, the first and third defendants have not challenged PW4's evidence in this respect.

The use of the offending mark by the first and third defendants during the course of trade

[38] It emerged from the evidence that first defendant is the sole proprietor of Multitrade Marketing from 30 July 2012–7 February 2014 and was also the importer of exhs P2, D8 and P6.

[39] The evidence also shows that first defendant continued to operate Wild Cow business under a new company Multiforce Marketing Sdn Bhd in which the first defendant was a shareholder and a director together with two other directors/shareholders. The evidence clearly shows that exh P7 was imported by the first defendant.

[40] The evidence adduced during trial also shows that the first defendant and the third defendant distributed the Wild Cow products throughout Malaysia. Hence I am satisfied that the offending mark was used by the first defendant and the third defendant in the course of trade.

[41] Both Red Bull and Wild Cow are drinks in the same class which is Class 32. Therefore there is no basis for the defendants to argue that there is no confusion that the Red Bull is an energy drink.

[42] Hence, in my view the use of the offending marks by the first defendant and the third defendant are likely to be taken as being use of the plaintiff's trademark.

[43] For the reasons I have given above, I conclude that the plaintiff has proved that the mark on the defendantss Wild Cow products are similar to the plaintiff's mark on the Red Bull products and this is an infringement to s 38(1)(a) of the Trade Mark Act 1976.

Passing-off

[44] The plaintiff's claim that the first and the third defendants have pass off the Wild Cow products as the Red Bull products.

[45] It is trite that in any passing off action a plaintiff must establish (i) goodwill; (ii) misrepresentation; and (iii) actual or potential damage.

[46] The first element which needs to be established in a passing off action is goodwill. The goodwill which is relevant in a passing off action is not to be found in the mark, logo or get up. It is the goodwill between a trader and his customers which is protected by this tort. Lord Parker of Waddington in *AG Spalding & Bros v AW Gamage Ltd* [1915] 32 RPC 273 at p 284 said:

> There appears to be considerable diversity of opinion as to the nature of the right, the invasion of which is the subject of what are known as passing-off actions. The more general opinion appears to be that the right is a right of property. This view naturally demands an answer to the question-property in what? Some authorities say property in the mark, name, or get up improperly used by the defendants. Other say, property in the business or goodwill likely to be injured by the misrepresentation. Lord Herschell in *Reddaway & Co and Another v Banham & Co and Another* [1895–99] All ER Rep 133; (LR (1906) AC 139) expressly dissents from the former view; and if the right invaded is a right of property at all, there are, I think strong reasons for preferring the latter view.

[47] I am satisfied that the plaintiff has established that goodwill is in the name of 'Red Bull' by the evidence of PW1 and PW2.

[48] PW1 had testified that the first plaintiff has granted the second plaintiff the exclusive right to use the trademarks in Malaysia since 1984.

[49] According to PW1, there has been no change in this business arrangement since then, and this is fortified by the fact that first plaintiff has filed an application with MyIPO to make the second plaintiff the exclusive registered user of the first plaintiff's trademarks, backdating the registered user right to the time when the first plaintiff's trademark was first registered in Malaysia.

[50] The evidence adduced during trial shows that the second plaintiff have been using the said trademarks in the course of its trade in Malaysia since 1984. This fact is supported by the numerous import and distribution invoices exhibited in Bundle B2 dating back to 1996 and 1992 respectively.

[51] I am also satisfied that there is also evidence that the second plaintiff has expanded a lot of money (see Bundle B1 pp 256–257) and resources to promote the Red Bull product in Malaysia.

[52] On this point, the plaintiff's witness PW1 (Prasit Somnet, representative of the first plaintiff) testified that the first plaintiff had expanded its business beyond Thailand and into Malaysia in 1983 through the second plaintiff who is the appointed sole representative, distributor of the Red Bull product as well as the registered user of the first plaintiff's trademarks. This evidence was not challenged or refuted by the first defendant.

[53] The plaintiffs witness PW2 (Jirasak Samathivathanachai, founder and managing director of the second plaintiff) gave detailed evidence of the relationship between the first plaintiff and the second plaintiff as well as details of how the Red Bull business was established in Malaysia since 1983. This evidence was also not challenged by the defendantss through credible evidence.

[54] The plaintiff's witness PW4 (Desmond Ong Khong Keng, National Sales and Operations Manager of the second plaintiff) tendered evidence including 269 pages of pictures, invoices, bill of lading, screenshot of website and other documents of the extensive distribution and aggressive promotional and marketing activities carried out by the second plaintiff throughout Malaysia dating back to 1992. I am satisfied that none of this evidence was refuted by the first defendant.

[55] Further, PW2 gave evidence that the second plaintiff had spent RM91,753,899 between the financial years of 2003–2013 alone for promotional and marketing activities. In 2014, the second plaintiff spent an additional RM18,627,187 for the same purpose. For the years 2010–2014, the second plaintiff tendered its audited financial statements as additional supporting evidence of the amounts spent for promotional and marketing activities.

[56] PW2 also gave evidence that the second plaintiff made a total of RM1,159,231,154 in sales in the calendar years of 2003–2013 and additionally RM187,032,264 for the calendar year 2014. In terms of gross profit, the second plaintiff tendered its audited financial statements for the years 2010–2014 which showed that the second plaintiffs gross profits totalled RM93,460,582. Again, this evidence was not refuted by the first defendant.

[57] PW8 (Nitesh Lall, market researcher) tendered for the plaintiffs the *Milward Brown Report* which was commissioned by the plaintiffs to show the brand awareness level of the Red Bull product in Malaysia. According to this report, the Red Bull product has very high brand awareness in the country. Some of the main statistics presented in the report are as follows:

(a) the Red Bull product had a brand awareness level of 79%; and

(b) 34% of the respondents surveyed claim to have consumed the Red Bull product in the four weeks preceding the survey.

[58] PW3 (Wong Guang Tzong, second plaintiff's general manager) tendered the business update report dated 1 July 2015 (see exh P3 in Bundle B4 p 839) that he had prepared for the second plaintiff. PW3 relied on the findings of another independent market surveyor, AC Nielsen when he prepared his report and in the AC Nielsen's report, it is stated that the Red Bull product

alone commands a national market share of more than 40% (see Bundle B4 p 843). I find that this kind of market share as irrefutable evidence of the acceptance of the Red Bull product in Malaysia and shows the goodwill that the plaintiffs enjoy in Malaysia.

[59] I also find that the defendants has also not launched any challenge on the evidence adduced in respect of the sale advertising and promotion of the plaintiffs.

[60] In the light of the evidence adduced, I am satisfied that the plaintiffs have obtained substantial goodwill and reputation that subsists over the first plaintiff mark since 1984 and that, such marks have substantially acquired distinctiveness through use by the plaintiffs' in the course of its trade in Malaysia.

Misrepresentation

[61] The next element which the plaintiffs need to establish in this passing off action is misrepresentation. In *Reckitt & Colman Products Ltd v Borden Inc* [1990] 1 WLR 491 at p 499, Lord Oliver said:

> (The plaintiff) must demonstrate a misrepresentation by the defendants to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. Whether the public is aware of the plaintiff's identity as the manufacturer or supplier of the goods or services is immaterial, as long as they are identified with a particular source which is in fact the plain tiff.

[62] As correctly pointed out by learned counsel for the plaintiffs, the element of 'misrepresentation', which is the main element in passing off action, is essentially a false representation by a defendant which is likely to cause confusion or deception to ordinary consumers and which causes damage to the goodwill of the plaintiff's business through an unlawful association created between the defendants and the plaintiff (see *Yong Sze Fun & Anor (t/a Perindustrian Makanan & Minuman Layang-Layang) v Syarikat Zamani Hj Tamin Sdn Bhd & Anor* [2012] 1 MLJ 585.

[63] Learned counsel for the plaintiffs submitted that misrepresentation may be in respect of one of the following aspects:

(a) as to get-up of the Wild Cow products, the appearance is essentially similar to that of the Red Bull product – (see *A Clouet & Co Pte Ltd & Anor v Maya Toba Sdn Bhd* [1996] 1 MLJ 251;

(b) as to the source of Wild Cow products, the first and third defendants misrepresenting that the Wild Cow products originates from the

plaintiffs – (see *Microsoft Corporation v Tokyo Micro‐Soft (M) Sdn Bhd* [2008] 8 MLJ 510); or

(c) as to the quality of the Wild Cow products, the first and third defendants misrepresenting that the quality of the Wild Cow products is that of the said Red Bull product – (see *U-Re Auto Sdn Bhd v York Pacific Holding Ltd* [2004] 3 CLJ 172).

[64] I have compared exh P1 ('Red Bull product') with exhs P2, D8, P6 and P7 ('Wild Cow products') and find that the Wild Cow product are essentially similar in appearance to the Red Bull product and can confused customers based on the following reasons:

(a) the prominent features that appear on the Red Bull product (please refer to exh P1), are as follows:

(i) Golden coloured can with a silver coloured base and can lip;

(ii) two animals of bovine origin in attacking posture coloured red and outlined in white;

(iii) an image of yellow coloured circle (sun) at the back of the two red coloured animals;

(iv) the name of the product in red colour;

(v) green coloured band encircling the lower part of the can; and

(vi) words coloured red and white depicted in a 'wavy' form and contained in a yellow rectangle box situated within the green coloured band.

(b) exh P6 ('the Wild Cow product') was modified so that the green coloured ban encircled only one side of the lower part of the can, while the band encircling the other side of the can was blue in colour. It is important to note that if the can is displayed on the shelf with the green-coloured band facing the potential customers, it would look exactly like exh P2; and

(c) exh P7 in addition to having all exh P1 features mentioned above, exh P7 was modified so that the green coloured band encircled only one side of the lower part of the can, while the band encircling the other side of the can was blue in colour. Further, the words coloured red and white depicted in a 'wavy' form and contained in a yellow rectangle box situated within the green coloured band was modified so that the wavy words were no longer situated in a yellow box. In place of this, the digits '100%' was situated in a yellow oval.

[65] Hence, I accept the plaintiff's submission that when the ordinary member of the public purchasing with ordinary caution and possessing

ordinary memory, would perceive the get-up of exh P2 (the defendants's product) as being very similar to the Red Bull product and therefore there is a strong likelihood of confusion. This would also be the case in respect of exhs D8, P6 and P7. Although the get-up of these products were modified, the modifications were so minor that exhs D8, P6 and P7 as a whole continued to have a get up that was very similar to the Red Bull product.

[66] I find that the plaintiffs' witnesses gave evidence in court that supported the assertion that there is a strong similarity between the get – up of the Wild Cow products and the Red Bull products and that they were actually confused. In fact, PW6, PW5, PW8 and PW4 confirmed that the get-up of the Red Bull products are similar to Wild Cow products.

[67] It is important to note that the test of whether a potential consumer who sees one mark in absence of the other mark would likely be deceived into thinking both marks are the same which is an objective test. The court is not required to arrive at an answer only by considering the evidence of consumer witnesses but the court may do so by its own objective assessment. Moreover, the plaintiff is merely required under the law to prove a likelihood of confusion as opposed to actual confusion.

[68] As I have stated earlier, both the Red Bull product and the Wild Cow product are registered under Class 32. Based on the evidence by PW9 ('the chemist'), I found the Red Bull product is of a superior quality than the Wild Cow product. In my view, the consumers who purchased the Wild Cow products would be confused or deceived into thinking that the Wild Cow product is one of the same qualities as Red Bull product.

Whether the misrepresentation is calculated to injure the goodwill of the plaintiff

[69] It is important to note that in this present case, the goodwill that the plaintiffs have earned in Malaysia is in relation to the use of descriptive marks as well as the get-up of the Red Bull product.

[70] It must be emphasised that the plaintiffs do not claim that there has been passing off of the word 'Red Bull' itself for it is obvious that this word can hardly be confused with the word 'Wild Cow'. However, in so far as the get-up is concerned, the testimony by consumer and trader witnesses (PW5, PW6 and PW7) clearly show that the get-up is distinctive to the plaintiffs namely the Malaysian public recognise the get-up of the Red Bull product and associate that particular get-up to the plaintiffs and the plaintiffs only.

[71] As I have stated earlier, The plaintiff has established that it has goodwill in relation for the use of the 'Red Bull' descriptive mark. The get-up is

distinctive to the plaintiff. This was not challenged by the evidence given by the defendants.

[72] I have carefully analysed the evidence adduced by the parties on the issue, and I accept the plaintiffs submission that there is evidence to show that the first and the third defendants misrepresentation of the Wild Cow products was calculated to injure the plaintiffs goodwill and reputation. In gist, the evidence shows the following:

(a) the first defendant being involved in the setup of the Wild Cow business (both Multitrade Marketing sole proprietor and Multitrade Marketing Sdn Bhd) admitted that at the time he designed the get-up of the first version of the Wild Cow can (exh P2), he was aware of the Red Bull product (exh P1). Although the first defendant denied imitating the get-up of the Red Bull product, his testimony is not to be believed as he admitted in cross-examination that he is aware of the Red Bull product at the time of designing the Wild Cow products get-up. The close resemblance between the two makes it more probable than not that the first defendant imitated the Red Bull product get-up;

(b) the Wild Cow products were targeted by the first and third defendants at exactly the same market segment as the Red Bull product. The plaintiffs have tendered extensive evidence of the Wild Cow products being sold in the same outlets as the Red Bull product;

(c) the Wild Cow products were arranged on the shelves side-by-side with the Red Bull products so that the Wild Cow products would appear to the ordinary but casual purchaser as having originated from the same source and having the same quality; and

(d) the Wild Cow products were priced by the first and the third defendants slightly cheaper (approximately RM0.25 cheaper) than the Red Bull products.

Whether the plaintiff's goodwill is damaged

[73] In the case of *Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd* [1994] 2 MLJ 770, the Supreme Court held as follows:

> In an action for passing off, damage is also an essential element of the tort and it is necessary for the plaintiff to establish that he has suffered damage.
>
> However, if the goods in question, as in this case, are in direct competition with one another, the court will readily infer the likelihood of damage to the plaintiff's goodwill through loss of sales and loss of the exclusive use of his name.

[74] The plaintiff's Red Bull product suffered a drop in. the national energy drink market share in the year 2014 and this is evidenced in PW3's (Wong

Guang Tzong, second plaintiff's general manager) *Business Update Report* dated 1 July 2015 that he had prepared for the second plaintiff.

[75] In this report it is stated that the plaintiffs market share for the year 2013 was 48.8% but dropped to 48.6% in the year 2014. The drop in the national's market share corresponded squarely with the period the first defendant introduced the first Wild Cow product ('exh P2') into Malaysia.

[76] PW2 gave evidence that there was a drop in revenue for the financial year ending 30 April 2014 (which captures the revenue derived from the sale of the Red Bull product for the financial year period 1 May 2013–30 April 2014), and which again corresponds exactly with the period in which the first Wild Cow product ('exh P2') was introduced in the Malaysia market April 2013. This drop is in sharp contrast to increasing revenues for the preceding years. Details of the revenues are as follows:

Financial Year Period	Revenue (RM)	Increase/(Decrease) %
1 May 2009–30 April 2010	97,401,558	–
1 May 2010–30 April 2011	132,787,170	36.3%
1 May 2011–30 April 2012	149,903,873	12.9%
1 May 2012–30 April 2013	194,328,459	29.6%
1 May 2013–30 April 2014	187,032,264	(3.75%)

[77] Further, the plaintiff adduced evidence of micro-example of its loss of sale as can be seen in the state of Johor. PW10 (Tan Hock Moey, market surveyor) was commissioned by the plaintiffs to study why the Red Bull product had suffered a 10% drop in sales in four towns in Johor.

[78] On this point, PW10 gave evidence that one of the reasons for this drop was '... the emergence of the Wild Cow packaging design which seemingly imitates the appearance of the Red Bull is one of the reasons that had contributed to the drop in Red Bull sales in Johor. The close imitation gives consumers the impression that the Wild Cow product is effective as the Red Bull Energy Drink'.

[79] Therefore, I am satisfied that the plaintiff has established evidence that its goodwill is damaged.

CONCLUSION

[80] I conclude that the plaintiffs have established trademark infringement under s 36 of the TMA in relation to the Red Bull marks.

[81] I also find that the plaintiffs have succeed in its claim for passing off of

the plaintiff's Red Bull product with the defendants's Wild Cow product.

[82] Hence, I allowed the plaintiff's claim in para 27 of the amended statement of claim against the defendants.

[83] Accordingly, I award costs of RM120,000 to the plaintiff.

Claim allowed with costs of RM120,000.

Reported by Kanesh Sundrum